DOCUMENT RESUME

ED 192 644 HE 013 075

TITLE	The Report of the COFHE Study on Faculty Retirement: An Overview.
INSTITUTION	Consortium on Financing Higher Education, Hanover, N.H.
SPONS AGENCY	Andrew W. Mellon Foundation, New York, N.Y.
PUB DATE	Jun 80
NOTE	53p.: Best copy available.
AVAILABLE FROM	Consortium on Financing Higher Education, 238 Main Street, Suite 500, Cambridge, MA 02139 ($3.00)
EDRS PRICE	MF01/PC03 Plus Postage.
DESCRIPTORS	Age Groups; *College Faculty; Educational Finance; Employment Practices; Expectation; Faculty Mobility; *Federal Legislation; Higher Education; Models; *Older Adults; Personnel Policy; *Public Policy; *Teacher Attitudes; Teacher Characteristics; Teacher Employment; *Teacher Retirement; Teacher Salaries; Tenure
IDENTIFIERS	Early Retirement; *Mandatory Retirement

ABSTRACT

Findings of three reports on the potential impact of age 70 mandatory retirement legislation on the arts and sciences faculties of institutions belonging to the Consortium on Financing Higher Education (COFHE) are summarized. In a report by J. Russell Southworth et al., faculty flow (departures, new appointments, appointments to tenure, etc.) is modeled for the period 1974-78. Based on the model, future projections are made with respect to effects of the retirement legislation on payroll costs and new appointments for junior faculty. The report by John O. Blackburn and Susan Schiffman presents a more complete profile of the faculty for whom data were collected and discusses the adjustment to age 70 mandatory retirement from a policy analysis perspective. The third report by the Institute for Research in Social Behavior contains results from a field survey and describes faculty expectations for retirement, their evaluation of their present health and financial situation and their response to five hypothetical early retirement incentive plans. In addition to highlights of these three reports, the applicability of study results for individual institutions is considered. Appended are a list of retirement studies and committees at COFHE institutions and descriptions of selected early retirement plans with examples. (SW)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED192644

BEST COPY AVAILABLE

The Report of the COFHE Study On Faculty Retirement: An Overview

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

Consortium on Financing H.E.

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

U S DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY

HE 013 075

Consortium on Financing Higher Education

JUNE 1980

In accordance with guidelines established by the membership for the distribution and use of Consortium reports, this document has been classified, Open, With Specified Restrictions.

This report may not be reproduced without permission from COFHE.

THE REPORT OF THE COFHE STUDY ON FACULTY RETIREMENT: AN OVERVIEW

COFHE Faculty Retirement Study
Advisory Committee

Colin G. Campbell, Chairman
President
Wesleyan University

David Howland
Personnel Officer
Amherst College

John McBride
Vice President for Finance
and Administration
Barnard College

Frank Durand
Associate Dean of the Faculty
Brown University

W. Donald Cooke
Vice President for Research
Cornell University

William P. Davis, Jr.
Treasurer
Dartmouth College

John O. Blackburn
Professor of Economics
Duke University

Thomas O'Brien
Financial Vice-President
Harvard University

Sarah Montgomery
Professor of Economics
Mt. Holyoke College

Aaron Lemonick
Dean of the Faculty
Princeton University

Kenneth McCartney
Dean of the Faculty
Smith College

Robert S. Rowe
Professor of Civil Engineering
and Environment and Water
Resources
Vanderbilt University

John H. Biggs
Vice Chancellor for Financial
Affairs
Washington University

Herbert Hyman
Walter Crowell University
Professor of the Social
Sciences
Wesleyan University

COFHE Faculty Retirement Study

Overview Report

This is the report of the study of the potential impact of age 70 mandatory retirement legislation on the arts and sciences faculties of the COFHE institutions. The report is divided into four parts, as follows:

1. This Overview Report prepared by the COFHE staff in conjunction with the COFHE Faculty Retirement Study Advisory Committee.

2. "Potential Financial and Employment Impact of Age 70 Mandatory Retirement Legislation on COFHE Institutions" by J. Russell Southworth and Ronald A. Jagmin of Tillinghast, Nelson and Warren, Inc.

3. "Faculty Retirement at the COFHE Institutions: An Analysis of the Impact of Age 70 Mandatory Retirement and Options for Institutional Response" by John O. Blackburn and Susan Schiffman of Duke University.

4. "Retirement Plans and Related Factors Among Faculty at COFHE Institutions" by the Institute for Research in Social Behavior (IRSB).

The three contracted reports, bound individually, reflect three different, but essential, aspects of the issue of the role the age 70 mandatory retirement decision will play in faculty planning for the coming two decades. In the report by J. Russell Southworth (hereafter referred to as the "Southworth Report")the "flow" of faculty (departures, new appointments, appointments to tenure, etc.) is modeled for the period 1974-1978. This model is then projected into the future and the impact of age 70 mandatory retirement legislation is evaluated with respect to effects on payroll costs and new appointments for junior faculty under constraints of constant budget and constant faculty size. The second report (referred to as the "Blackburn/Schiffman Report") presents a more complete profile of the faculty for whom data were collected and discusses the adjustment to age 70 mandatory retirement from a policy analysis perspective. A discussion of the effectiveness of early retirement incentives, including some existing plans at COFHE institutions follows. The third report from IRSB ("IRSB Report") contains results from a field survey and describes faculty expectations for retirement, their evaluation of their present health and financial situation and their response to five hypothetical early retirement incentive plans.

In addition to these three major reports, a comparative report of current retirement plans at the COFHE institutions was prepared by the COFHE staff and distributed to the membership in the Fall of 1979. It also should be noted here that a number of Consortium institutions have created ad hoc campus committees to examine the specific issues for their campuses. A list of completed studies and those in progress may be found in Appendix A.

Acknowledgements

We wish to acknowledge and express our appreciation for the generous support of the Andrew W. Mellon Foundation which provided the principal funding for this study. Further, we especially thank President John Sawyer for his personal interest and his encouragement to undertake a study of this size and complexity.

Each of the participating Consortium institutions made a major investment in staff time and effort to gather the requested data and to make the corrections and revisions to assure the highest levels of accuracy and data consistency possible. In many instances the institutional contacts were asked to provide data which were not readily available or not easily obtained and requested to do this work within fairly rigid timetables. All of the data were subjected to two levels of checking for errors and consistency--a preliminary report of the numbers and status of all the faculty for whom data were collected was submitted to and verified by each institution and summary statements about current policies and practices were reviewed and verified by each participant.

Nearly one-half of these institutions further participated in the study by designating a member of their institution with a special interest and expertise in some aspect of faculty retirement planning to serve on the study's Advisory Committee. The Committee performed a critical function in the study: each member reviewed drafts of each of the contractor's reports and then met with the principals and other members of the committee to discuss them. The committee as individuals functioned as important information resources for the COFHE staff throughout the study. A list of the members of the Retirement Study Advisory Committee appears on the first page of this report.

Genesis and General Description of the Study

In response to the signing into law of the 1978 Amendments to the Age Discrimination in Employment Act in April 1978 and changes in parallel legislation in various states, the COFHE Board of Directors voted to submit a proposal to the Andrew W. Mellon Foundation to secure funds for the undertaking of a thorough study of the potential impact of this

changed mandatory retirement legislation. As Chairman of the Board of Directors at that time, President Colin Campbell, described the impetus for such a study in COFHE's proposal to the Mellon Foundation:

> This rather dramatic change in Federal Policy regarding the compulsory retirement age comes at a time of extraordinary financial and psychological pressures on higher education...it also comes at a time when members of the academic profession are increasingly alarmed about the prospect of severe diminution in the real value of their retirement funds. Since long-standing assumptions and arrangements concerning faculty career planning and retirement are probably no longer applicable, institutions of higher education must develop a full understanding of the implications of the new law and should carefully consider adjusting their policies and practices.

The first step of such a study was intended to identify the specific problems that the new legislation would present to our institutions, given the nature of their faculties, and then to propose strategies to minimize their negative impact.

COFHE was awarded a grant from the Andrew W. Mellon Foundation in the summer of 1978. A small planning group, led by President Campbell, met in August to set more specific goals for the study. These were described in a letter from President Campbell to the COFHE Presidents in August of 1978:

> It was our sense that our primary concern should be with the impact of changing public policy and with options available to our institutions as we adjust to those changes. The development of new financial incentives for retirement and the establishment of procedures for evaluation of senior faculty members were seen by all of us at the heart of the matter. In addition, we expect the study to provide us with useful information about the impact of changing retirement patterns on our ability to hire new faculty, our progress in affirmative action, and the job security concerns of a tenured faculty member. To accomplish all of we agreed that there was need for empirical inquiry as well as for a review of legal constraints, actuarial data, and existing institution conditions.

To begin the study, a background survey of retirement options and practices, faculty profiles and conditions relating to tenure was conducted among the membership. COFHE Presidents were asked to name a representative from their institution to serve as the contact person for the duration of the study. President Campbell also encouraged each institution to submit a name for membership on a permanent Advisory Committee composed of representatives with various backgrounds to provide feedback and guidance to a principal investigator. Members of the Advisory Committee met between November 1978 and February 1979 to develop a more specific study plan, to select contractors to carry out the appropriate segments and, with these contractors, to determine the specific items of information that would be needed to perform the analysis.

The final design of the study emerged as follows: Stage I would examine the financial and employment impact of age 70 mandatory retirement legislation using data on age, salary and length of service of the aggregated faculties. Stage II would take a longer, more in-depth look at the characteristics of these faculty as well as testing the effects of some sample incentive plans on this more intricate model. Stage III was designed to gather information on faculty attitudes toward retirement and to test the attractiveness of some hypothetical plans for full and partial early retirement.

The decision to engage three separate contractors allowed us to concentrate on each principal's field of expertise, but with the price of a certain amount of discontinuity in the analysis. For example, the average age of retirement differed between the Southworth and the Blackburn/Schiffman analyses. This happened as a result of Mr. Southworth opting to include the engineering faculty from MIT and Princeton whereas the Blackburn group chose not to include them in its analysis. In the same vein, three institutions that submitted data for the Southworth and Blackburn/Schiffman analyses chose not to participate in the field survey stage of the study. Two institutions that had attempted to submit their faculty data which could not be included in the aggregate set due to irreconcilable problems were able to participate in the survey. Fortunately, the nature of the aggregate group for the study was not significantly affected because in each case these institutions involved were large universities and effectively balanced this shift in participation.

HIGHLIGHTS FROM THE THREE REPORTS

The principal findings of this study are presented in the summary sections of the three reports. Since there is some overlap between reports and some discontinuity in the analysis, as described above, the following section attempts to integrate and highlight the major findings from each stage of the study.

1. The three studies conclude that colleges and universities will be confronting a difficult period in the years ahead as a result of a combination of social, demographic and economic factors; the changes in retirement laws will exacerbate these existing problems.

   In contrast to analyses based on mathematical models, the COFHE study is based on actual data on current faculty and is buttressed by research on expressed faculty intentions and expectations. The critical characteristic of the COFHE faculty is the uneven distribution of age[1] (over one-half of the tenured faculty are between ages 40 and 55) and a central conclusion is that faculty will retire later than they would have otherwise, although not all will remain until age 70. These two findings combined lead to the conclusion that the adjustment period to the change in the mandatory retirement age will not be confined to five years but, instead, will be stretched out over the next eight to thirteen years.

PROJECTIONS

2. COFHE institutions would be facing significant increases in payroll costs even in the absence of new age 70 mandatory retirement legislation because of uneven age distribution and small numbers of retirements. Over the 1974-1978 period, the number of tenure awards substantially exceeded the number of retirements, deaths, disabilities, and terminations. Replacement of departing faculty accounted for only 43% of tenure openings over the period. The remaining openings were created by growth in faculty size and by increasing tenure ratios. The result of this increase in the number and proportion of tenured faculty is increasing payroll costs which will continue at an accelerating rate as the faculty continues to age in the coming decade.

---

[1]See Southworth Table 2 and Blackburn/Schiffman Figure 2b.

3. If the same proportion of senior faculty who were retired "mandatorily" in the period 1974-1978 is carried into the future (the "worst-case assumption" in the Southworth report), then they will elect to remain teaching until age 70. Those senior faculty will occupy teaching positions that could otherwise have been filled by junior faculty at one-half the salary rate. Maintaining current levels of new hires and tenure awards in the face of these "postponed" retirements will result in a very substantial increase in payroll costs and faculty size.

4. Obviously not all faculty members, if given the opportunity, would postpone their retirement until age 70. According to Blackburn/Schiffman, the data suggest approximately 50% of all faculties will have retired voluntarily before age 70. The average retirement age, therefore, will not be 70 but 68.5. We can expect, according to Blackburn/Schiffman, that faculty on the average will postpone their retirement by approximately two years as a result of the new law.

FACULTY OPINION AND EXPECTATIONS

5. The field survey data support this projection of the incidence of voluntary retirement. According to IRSB, over half (55%) of senior faculty 61 and over expect to retire voluntarily before age 70. Over one third of faculty aged 55-60 expect to retire no later than age 65.

6. The survey indicates that there are some significant differences in attitude toward retirement between those age 55 and over who expect to retire prior to the mandatory age and those who plan to remain teaching until age 70:

   - Sixty-eight percent of those who plan to retire no later than age 65 look forward to "the prospect of retiring from work" versus only 17% of those planning to stay until age 70.

   - Placing a high value on the free time that retirement brings and looking forward to the autonomy of retired life are two of the strongest correlates of "early"[1] retirement. Early and late retirees differ more sharply on these two hopeful expectations than they do on demographic characteristics or on current health or financial status.

---

[1]At age 65 or before.

- The most powerful predictor of plans for remaining until mandatory retirement age among those 61 and older was their expectation of inadequate retirement income immediately after retirement. Eighty percent of those who expect an inadequate household income during the first year or two of retirement plan to teach until age 70, while only 40% of those expecting this income to be adequate have the same expected retirement age.

- Among senior faculty planning to retire at age 70, 82% of those aged 55 and over reported the need for a full salary was an important reason for postponing retirement as late as possible. Almost as many (79%) mentioned fringe benefits. Seventy-four percent reported they would not retire earlier because they enjoyed teaching. Two other important reasons reported by more than half of those expecting to take mandatory retirement were "enjoy my regular contact with faculty" and "need access to collaborators and/or facilities...to carry on my research".

7. Concerned institutions should devote their efforts to changing or responding to these attitudes and expectations vis-a-vis retirement. There are, however, characteristics of those who plan to retire at age 70 which are beyond an institution's control. For example, IRSB notes that those faculty 61 and over planning age 70 retirement were more likely to report that their spouses were currently working than those who expect to retire early. The demographic analysis from the survey shows that two-thirds of the married males 55 and older have wives who are about the same age or no more than six years younger. In these instances, postponement of retirement until age 70 may reflect the strong desire to plan a retirement simultaneous (or as close as possible) with that of a working spouse who also may exercise the right to work until age 70.

8. Pre-retirement counseling and/or better (increased) distribution of retirement information are means by which institutions can change attitudes and expectations involving retirement. The survey points to the need for institutional action in this area:

- Nearly 20% of those 61 and over and nearly 30% of those 55-60 said they had not given a "great deal" or "some" serious thought to retirement.

- Among those 55 and older, two in five did not know whether or not their school has a standard policy that provides incentives for either early or phased

retirement, and half did not know whether or not their school offers pre-retirement counseling to faculty.

EARLY RETIREMENT PLANS

9. Early retirement incentive plans are a means by which institutions can respond to attitudes and expectations about inadequate retirement income. Plans for phased early retirement can further respond to those who wish to postpone retirement because they enjoy teaching. Results from the policy analysis segment of the study indicate the effectiveness of early retirement plans in general: Blackburn/Schiffman report that all schools having early retirement incentive plans experience lower mean ages of retirement than schools with similar mandatory age but without such plans.[1]

10. The survey indicates that some faculty would be receptive to incentive plans for early retirement: one-third of faculty aged 61 and over reported that they expect to stay longer than they would like. In the 55-60 age group, 44% expect to stay longer than they would like. Although when presented with five hypothetical early retirement incentive packages (2 for phased and 3 for complete retirement) 50% of faculty 61 and over rejected all the plans, the complete early retirement plan which guaranteed 60% of gross salary was "attractive"[2] to one-third of faculty 61 and over.

11. Although the survey suggests that early retirement incentives similar to the one offering 60% of gross salary[3] will persuade faculty to plan retirement on the average one year earlier than they expect to retire without such incentives, the historical data from institutions with existing early retirement plans suggests that faculty respond much more effectively to actual working plans than the survey group did to the five hypothetical plans. Blackburn/Schiffman report that in the 65-70 zone, annual payments equal to about one-third of salary paid until the normal retirement date will induce 30-40% of each cohort to retire early at ages 65-67, and may drop the mean age of retirement

---

[1]Appendix B describes five different early retirement incentive plans now in effect at COFHE institutions.

[2]Respondents lowered their expected age of retirement when offered this hypothetical plan for early retirement.

[3]The hypothetical incentive plan from the survey guaranteed that the institution would make up the difference (if any) between the combined retirement income from social security and the retirement annuity and 60% of final gross salary.

as much as 1 1/2 years.[1] Given that the policy analysis portion of the study predicted an average increase in the mean age of retirement of approximately 2 years (from the '74-'78 average) with the enactment of age 70 mandatory retirement legislation, the effect of early retirement incentives could reduce that increase in average age of retirement to only one-half a year.[2] If one follows the reasoning in the Blackburn/Schiffman analysis, this results in the loss of only one-half of a cohort of new non-tenured appointments.

RECOMMENDATIONS FOR THE DESIGN OF RETIREMENT PLANS

12. Institutions planning to devise their own early retirement incentive plans will want to address the following expectations about retirement identified by the survey:

- The only post-retirement fear expressed by a majority of faculty 50 and over was "not having enough money".

- About three out of four faculty aged 55 and over expect their income would be at least adequate during their first year or two of retirement. This proportion drops sharply to 42% when they rate their income five years after retirement.

- A considerable number of faculty (15% of those 55 and over) still expect to have to stretch their retirement income to cover one or more dependents other than their spouse (and another 15% are not sure).

- After retirement, very few faculty members 55 and over expect to depend entirely upon their teaching retirement fund and their social security - 86% expect some income from other sources such as spouse's income, rents, dividends and royalties. Forty-five percent anticipate this additional income will provide no more than one quarter of their total household income. Thirty-two percent, however, expect to receive 26-50% of their household income from other sources and 8% expect these sources to provide more than half their total income.

- The majority of faculty age 55 and over want to remain in (or rejoin) the labor force once they retire from tenured university teaching. Consulting

---

[1]As it is impossible to separate early retirements under a plan from those who would have retired early anyway, this figure should be treated as an upper limit.

[2]This figure should be treated as a lower limit. See footnote #1, above.

and teaching at another institution (on a non-tenured basis) were the most frequently mentioned expectations for post-retirement work.

- Plans for expected retirement age are quite responsive to inflation. Half of the faculty aged 55 and over said they would "probably decide to work longer" than they expected if inflation continued to average between 9 and 11% a year[1] and 70% would postpone retirement if inflation climbed to a 15-17% rate.

13. Blackburn/Schiffman recommend that incentive plans for early retirement be designed with limited life. Such plans can be put into operation for a decade or so and then removed or made less attractive when large numbers of faculty become eligible for retirement in order to create an opportunity to move faculties toward a more nearly balanced age structure.

    In addition, the report strongly urges that medical, life insurance (and possibly tuition benefits), and access to campus facilities and services (as far as practical) be continued for early retirees. Institutions should concentrate on the 65-69 age group when Social Security is most helpful and where the range of costs to approach "financial neutrality" in the early retirement decision is not unmanageably large for an institution.

14. Institutions may want to consider the alternatives of a defined-benefit early retirement plan instead of the more common defined-contribution approach. The advantage of a defined-benefit basis is that it appeals to all faculty equally by reducing the importance of current salary and/or size of retirement fund accumulation in an individual's retirement decision.

    The Advisory Committee further recommends that institutions recognize the disincentive effect that a defined contribution retirement plan itself places on early retirement. Faculty who continue to teach rather than those retiring can substantially increase the size of their retirement annuity in several ways.

    1. An individual's retirement fund increases with continued contributions by the institution and/or the individual and so buys a larger annuity at retirement. Salary increases during the postponed retirement period will also increase the fund.

    2. The fund remains intact longer and so accrues more interest than it otherwise would have. These

---

[1]The actual rate at the time of the survey.

interest payments become even larger in light of the fund increases mentioned above.

3. The purchase of the annuity itself is delayed. Because the size of the annuity is based on actuarial data on life expectancies the annual income is substantially larger for those with a shorter life expectancy than for those who retire at an earlier age with a retirement fund of the same amount.

Institutions should also explore the potential benefits of instituting defined-benefit plans for regular retirement benefits. Some features from defined-contribution plans such as portability for faculty who move to another institution may be difficult to retain, however.

Applicability of the Study Results for Individual Institutions

Due to the fact that the 26 institutions participating in stages one and two vary quite substantially with regard to faculty size, distribution of ages, salary levels and retirement policies, the results from analysis of the aggregate faculties will not be directly applicable to the situation at any individual institution. However, each participating school has been given an individual report containing profiles of faculty ages, flow and composition in the format of the tables included in the Southworth analysis. Blackburn and Schiffman have prepared a year by year analysis of active faculty, new appointments, retirees and all other departures by tenured and non-tenured men and women for each institution submitting data. Individual institutions can use the results of these analyses in estimating the number of faculty who might remain until age 70 and in planning a response to the impact of age 70 mandatory retirement by comparing the trends found in their tables with the corresponding aggregate data.

These participating institutions will also be able to create their own subgroups to use as a standard for comparision. Upon the recommendation of the Advisory Committee, porportions of the individual reports from Mr. Southworth will be shared on a coded basis among those institutions which have consented to participate in this exchange. (The report is strictly confidential and has only COFHE-wide circulation). In conclusion, the Advisory Committee recommends that individual institutions continue to monitor their present and future faculty situation by collecting and updating a relatively small amount of reliable data on each of their faculty members.

As institutions go beyond the analysis of the data provided from this study, the Advisory Committee recommends that questions

of the long range and secondary effects of the legislation be carefully examined and included in institutional planning. For example: how will the increases in payroll costs predicted in the Southworth report be met and carried within the institution; what will be the effect on the legislation on the quality of the faculty; what effects are likely for the quality of research and education if continuing and higher inflation increase the number of faculty clinging to their positions beyond the time they want to retire?

Finally, institutions should note that the concept of a normal retirement age (an age earlier than age 70), which is an important date in many retirement plans, has been recently challenged by the Equal Employment Opportunity Commission, which may soon publish regulations to that effect. A legislative or regulatory change in the concept of the normal retirement age as the point at which institutions may end contributions for fringe benefits will mean that many institutions will have to reexamine their most fundamental assumptions about the design and cost of both regular and early retirement plans.

KHH/ECP

APPENDICES

Appendix A

Retirement Studies and Committees
at COFHE Institutions

The Johns Hopkins University

Faculty Retirement Policy Committee

contact: Stephen McClain (301) 338-8035

Massachusetts Institute of Technology

The Ad Hoc Committee on Faculty and Staff Retirement Income and Related Benefits

contact: Allan Bufferd (617) 253-3333

Northwestern University

Faculty Benefits Subcommittee of the General Faculty Committee

contact: Donald Saari (312) 492-5580

Princeton University

Study of Retirement Deficits due to the Age Distribution of the Faculty and Age 70 Mandatory Retirement

Study of Responses to Mandatory Retirement Legislation (coming)

contact: Aaron Lemonick (609) 452-3020

Smith College

Ad Hoc Committee on Early Retirement Planning

contact: Lou Morrell, Associate Treasurer
(413) 584-2700

Stanford University

Task Force on Retirement Policies

The University Committee on Faculty Staff Affairs

Stanford University (cont.)

The Senate Ad Hoc Committee on Emeritus Status

contact: Gerald J. Lieberman (415) 497-3903

Swarthmore College

Staff-Faculty Benefits Committee (standing committee)

contact: Lewis Cooke (215) 447-7000

The University of Chicago

Trustee-Faculty Committee on Faculty Retirement

contact: Cynthia Greenleaf (312) 753-4505

University of Rochester

President's Ad Hoc Retirement Committee

contact: Robert France (716) 275-2800

"Academic Tenure and Mandatory Retirement"
by Walter Y. Oi

"Is There a Generation Gap in Academia? Age Differences Among Faculty Toward Mandatory Retirement"
by Susan K. Whitbourne, et. al.

Washington University

University Benefits Committee (standing committee)

contact: John H. Biggs (314) 889-5101

Wellesley College

Committee on Early Retirement

Study on Modifying the Present Pension Plan

contact: Edward Stettner, Dean of the College
(617) 235-3020

Williams College

Various studies under the Provost's Office

contact: J. Hodge Markgraf (413) 597-2351

Yale University

The Retirement Committee

The Fringe Benefits Committee

contact: Ellen Ryerson (203) 436-4136

Appendix B

Selected Early Retirement Plans (with examples)

Dartmouth

This plan for early phased retirement offers faculty two options, one for the equivalent of 2 years of teaching at age 60, the other for the equivalent of one year of teaching at age 62. Faculty must have at least 15 years of service to elect this plan. Compensation for early phased retirement is paid until mandatory retirement age (65). Those electing the plan at age 60 choose how to allocate the two teaching years throughout a five year period. Those who take the other option for phased retirement at age 62 make plans for teaching the equivalent of one year throughout a three year period.

Faculty opting for this plan receive 45% of their final annual salary plus 1% for each year of service at Dartmouth, up to a maximum 75% of final salary. TIAA-CREF contributions (based on final annual salary) continue at 16%, and therefore the retirement account is only less than it would be had the faculty member continued to work only due to salary increases that would be received over the phased retirement period.

Opportunities for earned outside income are recognized and not discouraged, although if this combined annual income during the phased retirement period exceeds the final annual salary figure, one-half of any excess salary and retirement fund contributions will be deducted from Dartmouth's phased retirement income payments for that year.

Faculty retiring under this plan are granted the same fringe benefits, such as group life and health insurance, as their colleagues who continue to teach until the normal retirement age. However, they are expected to vacate labs and offices when their teaching under the phased program ends.

The program appears to be quite successful, although more particularly attractive to administrators: almost three times as many administrators as faculty have opted for early retirement since the program began in the early 1970's.

Example A:

Retirement at age 62, with over 30 years service.
base = $25,000

FRO Salary (75% of base)	=	$18,750
16% TIAA contribution	=	4,000
Other fringe benefits (est. 8%)	=	2,000
Total	=	$24,750

For the 3 yr. period,

Total FRO payments	= $74,250
Estimated salary and benefits that would have been paid (assume annual 6.5% increase)	= $99,176
"Savings"	= $24,926

Example B:

Retirement at age 60, with 20 yr. service. base = $35,000

FRO salary (65% of base)	= $22,750
16% TIAA contribution	= $ 5,600
Other fringe benefits (est. 8%)	= $ 2,800
Total	= $31,150

For the 5 yr. period,

Total FRO payments	= $155,750
Estimated salary and benefits that would have been paid (assume annual 6.5% increase)	= $247,104
"Savings"	= $ 91,354

Wesleyan

The Early Retirement Plan offers the flexibility of partial retirement to faculty age 60 and over or full retirement for those age 62 and over. Faculty opting for this plan must be in an active service status and have had at least 10 years of service. They will receive payments from the University until they reach the normal retirement age (68). Those who elect partial retirement have the continued option of lowering their percentage of teaching time in the period between the election of early retirement and the year in which they would have otherwise retired. Faculty at their option may not return from full early retirement to partial or active full-time status nor may they choose to increase their proportion of teaching time during this period if partially retired. Wesleyan reserves the option to recall an early retiree back to service if it wishes to do so.

Faculty electing early full retirement receive a stipend which is a function of years of service, age of election and average salary for the five years preceding the year of retirement. The minimum amount of the stipend is 30% of the average of the preceding 5 years annual salary for those who elect this plan before age 65 and 40% of the same average if they retire between age 65 and age 68 - the precise percentage depends on years of service: .4% is added to the appropriate minimum for each year of service over 10 years. Those faculty working under the conditions of partial retirement receive an amount of regular salary in proportion to their percent of full-time service (for example, 60% of full-time) and a fractional stipend equivalent to the difference between full-time service and their percent of full-time service (in this example, 40%). The portion of salary as compensation for service is eligible for annual salary increases while the stipend is fixed.

Wesleyan continues group life insurance or an equivalent type of coverage for faculty retiring under this program. Health benefits remain the same. Faculty are free to earn additional outside income subject to the approval of the Early Retirement Committee, although those under partial retirement will not be allowed to undertake full-time outside employment.

Since the academic year 1972-73, 13 faculty members have opted for early retirement under this program out of a total of 27 eligible faculty. Six of the total early retirees represent partial early retirements - elected at ages 60,62, 63, 66 and 67. The remaining early full retirements all occur at age 65 and over: 1 at age 65, 4 at age 66 and 2 at age 67.

Wesleyan

Attachment A

Examples of Financial Effects of Early Retirement Program

Assume: 1. The eligible faculty member currently earns $24,000 a year in direct salary.
2. His total compensation would be $28,800, consisting of:

Salary	$24,000
TIAA-CREF Contribution	3,600
FICA Payment (approx.)	600
Group Insurance (approx.)	600
Total Compensation	$28,800

First Example

Faculty member X elects to drop to .80 F.T.E. at age 62 and the course he no longer teaches is not offered by the department

	Salary	TIAA	FICA	Group Ins.	Wes Stipend	Total Compensation
Faculty member X at .80 F.T.E.	$19,200	2,800	600	600	2,400	$25,680
Replacement	-	-	-	-	-	-
						$25,680

The net effect is a $3,120 savings in total compensation for the first year

Second Example

Faculty member X elects to drop to .60 F.T.E. at age 62 and the two courses he no longer teaches are taught by a part time replacement

	Salary	TIAA	FICA	Group Ins.	Wes Stipend	Total Compensation
Faculty member X at .60 F.T.E.	$14,400	2,160	600	600	4,800	$22,560
Replacement	4,000	-	220	-		4,220
						$26,780

The net effect is a $2,020 savings in total compensation for the first year

Wesleyan

Third Example

Faculty member X elects to retire at age 65 and an assistant professor is hired to replace him.

	Salary	TIAA	FICA	Group Ins.	Wes Stipend	Total Compensation
Faculty member X (retired)	-	-	-	600	12,000	$12,600*
Replacement	$12,000	1,800	600	600	-	15,000
						$27,600

The net effect is a $1,200 savings in total compensation for the first year

*This sum represents only Wesleyan compensation. Presumably, the retiring faculty member would also receive social security benefits to which he would be entitled.

21

Stanford

Faculty wishing to retire completely before age 65 may participate in the early retirement program at Stanford if they have at least 15 years of service and are age 58 or over. An Interim Retirement Allowance is paid only during the lifetime of the retired faculty member and until the date of normal retirement (currently age 65). The current plan was devised when both the mandatory retirement age and the normal retirement age were 65. Revisions responding to the enactment of mandatory retirement at age 70 are presently under consideration.

The allowance paid to those who elect to retire early is calculated using years of service, age at retirement, final salary and the median salary of full professors in the individual's school. This amount may not exceed 80% of the faculty member's final salary, nor be less than 20% of final salary. The difference between the appropriate median salary weighted by its proper multiplier (see Table A following) and the faculty member's final salary weighted by its factor (see Table B) is the Interim Retirement Allowance. All other things being equal (the appropriate median salary figure, age at retirement, final salary), larger Allowances are given to faculty with more year s of service. A faculty member receives a greater Allowance when his or her salary falls farther below the median salary of full professors in that particular school than he or she would if the same final salary was closer to the median amount.

Stanford does not continue TIAA-CREF contributions for the faculty member who elects early retirement. Regular contributions toward the cost of basic health and group life insurance plans are made until the mandatory retirement age. Early retirees also have rights to the same additional benefits as those who retire at the normal age.

For the academic years beginning in September 1975 and ending in June 1978, six out of the 25 faculty who retired from the School of Humanities and Sciences during the period retired early under this plan. Ten out of a university-wide total of 52 retiring faculty retired early during this same period.

Example A:

Faculty member retires at age 63 (2 yrs. early) - Total of Interim Retirement Allowances: for 2 yr. period	$40,400
Estimated total salary and benefits: for 2 yr. period of continued teaching	$66,500
"Savings":	$26,100

Stanford Early Retirement Plan (cont.)

Example B:

Faculty member retires at age 59 (6 yrs. early) - Total of Interim Retirement Allowances: for 6 yr. period	$83,200
Estimated total salary and benefits: for 6 yr. period of continued teaching	$260,500
"Savings":	$177,300

Example C:

Faculty member retires at age 58 (7 yrs. early) - Total of Interim Retirement Allowances: for 7 yr. period	$102,700
Estimated total salary and benefits: for the 7 yr. period of continued teaching	$281,000
"Savings":	$178,300

Example D:

Faculty member retires at age 58 (7 yrs. early) - Total of Interim Retirement Allowances: for the 7 yr. period	$130,600
Estimated total salary and benefits: for the 7 yr. period of continued teaching	$286,500
"Savings":	$155,900

TABLE A

Stanford

YEARS OF SERV.	RETIREMENT AGE 58	59	60	61	62	63	64
5	.41585	.41786	.42821	.45245	.50353	.41364	.33279
6	.45051	.45584	.47103	.50272	.56648	.47273	.38826
7	.48516	.49283	.51385	.55299	.62942	.53183	.44373
8	.51982	.53182	.55667	.60326	.69236	.59092	.49919
9	.55447	.56981	.59949	.65354	.75530	.65001	.55466
10	.58912	.60779	.64232	.70381	.81824	.70910	.61013
11	.62377	.64577	.68514	.75408	.88119	.76819	.66559
12	.65842	.68376	.72796	.80435	.94413	.82729	.72106
13	.69308	.72175	.77078	.85463	1.0070	.88638	.77653
14	.72773	.75973	.81360	.90490	1.0700	.94547	.83199
15	.76239	.79772	.85642	.95517	1.1329	1.0045	.88746
16	.79704	.83571	.89924	1.0054	1.1959	1.0636	.94293
17	.83170	.83769	.94207	1.0557	1.2588	1.1227	.99839
18	.86635	.91168	.98489	1.1059	1.3217	1.1818	1.0538
19	.90100	.94967	1.0277	1.1562	1.3847	1.2409	1.1093
20	.93566	.98765	1.0705	1.2065	1.4476	1.3000	1.1647
21	.97031	1.02564	1.1133	1.2568	1.5106	1.3591	1.2202
22	1.00497	1.06362	1.1561	1.3070	1.5735	1.4182	1.2757
23	1.03962	1.10162	1.1989	1.3573	1.6364	1.4773	1.3312
24	1.07427	1.13960	1.2418	1.4076	1.6994	1.5363	1.3866
25	1.10893	1.17759	1.2846	1.4579	1.7623	1.5954	1.4421
26	1.14358	1.21558	1.3274	1.5081	1.8253	1.6545	1.4975
27	1.17824	1.25356	1.3702	1.5584	1.8882	1.7136	1.5530
28	1.21289	1.29155	1.4131	1.6087	1.9512	1.7727	1.6085
29	1.24755	1.32954	1.4559	1.6589	2.0141	1.8318	1.6639
30	1.28220	1.36752	1.4987	1.7092	2.0770	1.8909	1.7194
31	1.31685	1.40551	1.5415	1.7595	2.1400	1.9500	1.7749
32	1.35151	1.44350	1.5843	1.8098	2.2029	2.0091	1.8303
33	1.38616	1.48148	1.6272	1.8600	2.2659	2.0682	1.8858
34	1.42082	1.51947	1.6700	1.9103	2.3288	2.1273	1.9413
35	1.45547	1.55746	1.7128	1.9606	2.3918	2.1864	1.9967
36			1.7556	2.0108	2.4547	2.2455	2.0522
37			1.7984	2.0611	2.5176	2.3045	2.1077
38			1.8413	2.1114	2.5806	2.3636	2.1631
39			1.8841	2.1617	2.6435	2.4227	2.2186
40			1.9269	2.2119	2.7065	2.4818	2.2741
41			1.9697	2.2622	2.7694	2.5409	2.3295
42			2.0126	2.3125	2.8324	2.6000	2.3850
43			2.0554	2.3628	2.8953	2.6591	2.4405
44			2.0982	2.4130	2.9582	2.7182	2.4959
45			2.1410	2.4633	3.0212	2.7773	2.5514

TABLE B

YEARS OF SERV.	RETIREMENT AGE 58	59	60	61	62	63	64
5	.13167	.15011	.17598	.21486	.27977	.20813	.14512
6	.15801	.18013	.21117	.25783	.33573	.26016	.19349
7	.18434	.21015	.24637	.30081	.39168	.31219	.24187
8	.21068	.24017	.28156	.34378	.44764	.36422	.29024
9	.23701	.27020	.31676	.38675	.5036	.41626	.33862
10	.26334	.30021	.35196	.42973	.55955	.46829	.38699
11	.28967	.33023	.38715	.47270	.61551	.52032	.43537
12	.31601	.36025	.42235	.51567	.67146	.57235	.48374
13	.34234	.39028	.45754	.55865	.72742	.62439	.53212
14	.36868	.42030	.49274	.60162	.78337	.67642	.58049
15	.39501	.45032	.52794	.64459	.83933	.72845	.62887
16	.42135	.48034	.56313	.68757	.89528	.78048	.67724
17	.44768	.51036	.59833	.73054	.95124	.83252	.72562
18	.47401	.54039	.63353	.77351	1.0071	.88455	.77399
19	.50035	.57041	.66872	.81649	1.0631	.93658	.82237
20	.52668	.60043	.70392	.85946	1.1191	.98861	.87074
21	.55302	.63045	.73911	.90243	1.1750	1.0406	.91912
22	.57935	.66047	.77431	.94541	1.2310	1.0926	.96749
23	.60569	.69049	.80951	.98838	1.2869	1.1447	1.0158
24	.63202	.72052	.84470	1.0313	1.3429	1.1967	1.0642
25	.65836	.75054	.87990	1.0743	1.3988	1.2487	1.1126
26	.68469	.78056	.91509	1.1173	1.4548	1.3008	1.1609
27	.71102	.81058	.95029	1.1602	1.5107	1.3528	1.2093
28	.73736	.84060	.98549	1.2032	1.5667	1.4048	1.2577
29	.76369	.87062	1.0206	1.2462	1.6227	1.4569	1.3061
30	.79003	.90064	1.0558	1.2891	1.6786	1.5089	1.3544
31	.81636	.93067	1.0910	1.3321	1.7346	1.5609	1.4028
32	.84270	.96069	1.1262	1.3751	1.7905	1.6130	1.4512
33	.86903	.99071	1.1614	1.4181	1.8465	1.6650	1.4996
34	.89536	1.02073	1.1966	1.4610	1.9024	1.7170	1.5479
35	.92170	1.05075	1.2318	1.5040	1.9584	1.7691	1.5963
36			1.2670	1.5470	2.0144	1.8211	1.6447
37			1.3022	1.5900	2.0703	1.8731	1.6931
38			1.3374	1.6329	2.1263	1.9252	1.7414
39			1.3726	1.6759	2.1822	1.9772	1.7898
40			1.4078	1.7189	2.2382	2.0292	1.8382
41			1.4430	1.7619	2.2941	2.0813	1.8866
42			1.4782	1.8048	2.3501	2.1333	1.9349
43			1.5134	1.8478	2.4060	2.1853	1.9833
44			1.5486	1.8908	2.4620	2.2373	2.0317
45			1.5838	1.9337	2.518	2.2894	2.0801

University of Pennsylvania

The early retirement option at Penn. is available to faculty age 65 and over who have not reached the mandatory retirement age (68 or 70) and who wish to fully retire from teaching. Only tenured faculty who joined the faculty prior to July 1, 1974 are eligible.

Those who elect this early retirement plan receive an annual Supplemental Early Retirement Benefit between 27% and 33% of final salary (or of the average salary of full professors in the faculty member's school if this amount is greater) each year until mandatory retirement age. Those who commit themselves to the plan well in advance of their retirement add 2% of final salary to the 27% of final salary (or the average salary described above) for each year they do so (excluding the required year of advance notice just prior to retirement) up to a maximum of 6%. This feature makes the upper limit of the benefit 33% of the appropriate base amount.

TIAA-CREF contributions made by the University cease with retirement. The University pays the Blue Cross 65 Special premium as well as the cost of continued insurance coverage for a faculty member who retires early under this plan. Early retirees have the same other benefits as those who retire at the normal retirement age.

The plan is popular particularly among faculty whose salary is below the average for professors in that school, due to the minimum benefit feature of the supplement. For the year ending July 1, 1979, 66 of 200 eligible opted for early retirement under this plan.

UNIVERSITY OF PENNSYLVANIA

FACULTY VOLUNTARY EARLY RETIREMENT — ILLUSTRATION NO. 1 — 1/15/79

FOR:

DR. ASSISTANT DEAN

BIRTH DATE: 2/4/14 (WIFE 3/20/12)
PRESENT AGE: 65
MANDATORY RETIREMENT: 6/30/84 (AT 70)

CURRENT SALARY		SCHOOL SALARY BASE
		$31,429
		x 33%
$31,200		$10,380/year*
- 5,440	(3 deductions) Fed. Tax Withholding/IRS Table	- 588 (4 deductions)
- 1,404	S.S. Tax (1979)	+ 8,873 S.S. Benefit (PIA + Spouse)
- 1,346	Phila. Wage Tax (4.3125%)	0
- 652	Penna. Income Tax (2.2%)	0
- 1,560	TIAA-CREF (5%)	0
$20,798	NET	$18,665 NET

* Payable for five years in equal monthly installments beginning July, 1979 and ending June, 1984.

UNIVERSITY OF PENNSYLVANIA

FACULTY VOLUNTARY EARLY RETIREMENT — ILLUSTRATION NO. 2 — 12/14/78

FOR:

PROFESSOR DEMOS

BIRTH DATE: 1/11/14 (WIFE 1/3/13)
PRESENT AGE: 64
MANDATORY RETIREMENT: 6/30/82 (AT 68)

28

CURRENT SALARY		SCHOOL SALARY BASE
		$27,560
		x 33%
$23,800		$9,096/year*
- 3,178	(4 deductions) Fed. Tax Withholding/IRS Table	- 372 (4 deductions)
- 1,404	S.S. Tax (1979)	+8,873 S.S. Benefit (PIA + Spouse)
- 1,026	Phila. Wage Tax (4.3125%)	0
- 524	Penna. Income Tax (2.2%)	0
- 1,190	TIAA-CREF (5%)	0
$16,478	NET	$17,597 NET

*Payable for three years in equal monthly installments beginning February, 1979 and ending January, 1982.

UNIVERSITY OF PENNSYLVANIA

FACULTY VOLUNTARY EARLY RETIREMENT — ILLUSTRATION NO. 3 — 11/13/78

FOR:

DR. BENJAMIN FRANKLIN

BIRTH DATE: 10/20/18 (WIFE 1/15/27)
PRESENT AGE: 60
MANDATORY RETIREMENT: 6/30/89 (AT 70)

29

CURRENT SALARY		SCHOOL SALARY BASE
		$45,077
		x 33%
$40,800		$14,880/year*
- 9,065	(2 deductions, Fed. Tax Withholding/IRS Table	- 1,661 (3 deductions)
- 1,404	S.S. Tax (1979)	+ 6,416 S.S. Benefits (PIA only)
- 1,760	Phila. Wage Tax (4.3125%)	0
- 853	Penna. Income Tax (2.2%)	0
- 2,040	TIAA/CREF (5%)	0
$25,678	NET	$19,635 NET

39 40

*Payable for five years in equal monthly installments beginning July, 1984 and ending June, 1989.

U N I V E R S I T Y O F P E N N S Y L V A N I A

VOLUNTARY EARLY RETIREMENT-PROFESSIONAL AND ADMINISTRATIVE PERSONNEL

ILLUSTRATION NO. 4 5/26/77

FOR:

DR. RESEARCH

BIRTH DATE: 2/4/11
PRESENT AGE: 66
MANDATORY RETIREMENT: 6/30/79 (AT 68)

30

P AND A SALARY BASE
$15,454
x 33%

CURRENT SALARY		
$15,454		
- 2,912	(1 deduction)	Fed. Tax Withholding/IRS Table
- 904		S.S. Tax (1977)
- 637		Phila. Wage Tax (4.3125%)
- 323		Penna. Income Tax
- 773		TIAA/CREF (5%)
$9,905	NET	

$5,100/year*	
+ 329	Equitable Pension
- 432	(2 deductions)
+4,952	S.S. Benefits (PIA only)
0	
0	
0	
$9,949	NET

*Payable for two years in equal monthly installments beginning July, 1977 and ending June, 1979.

FUNDING

MARCH 1979

ILLUSTRATION:	NO. 1	NO. 2	NO. 3	NO. 4
SALARY OF EMPLOYEE PRIOR TO EARLY RETIREMENT	$31,200	$23,800	$40,800	$15,454
CHARGE FOR EMPLOYEE BENEFITS	(24.8%) $ 7,738	(24.8%) $ 5,903	(24.8%) $10,118	(18.5%) $ 2,859
TOTAL PERSONNEL EXPENSE FOR EMPLOYEES PRIOR TO EARLY RETIREMENT	$38,938	$29,703	$50,918	$18,313
ASSUME AVERAGE INCREASE ALLOCATION OF 7% FOR NEXT FISCAL YEAR - IF EMPLOYEE DID NOT RETIRE, CONTINUING PERSONNEL EXPENSE WOULD BE	(x1.07) $41,664	(x1.07) $31,782	(x1.07) $54,482	(x1.07) $19,595
COST OF VOLUNTARY EARLY RETIREMENT FOR NEXT FISCAL YEAR	$10,380	$ 9,096	$14,880	$ 5,100
NET AMOUNT AVAILABLE TO MEET SALARY AND BENEFIT EXPENSE FOR REPLACEMENT IN NEXT FISCAL YEAR	$31,284	$22,686	$39,602	$14,495
(1st YEAR) FOR SALARY	$25,067	$18,178	$31,732	$12,232
FOR BENEFITS	$ 6,217	$ 4,508	$ 7,870	$ 2,263

Washington

Faculty age 65 and over with at least 10 years of service at Washington University may elect to retire under the Bridge Benefit Plan before they reach normal retirement age (68). The length of this bridge benefit depends on the number of years of service (2 months per year), to a maximum of 5 years.

The amount of the bridge benefit is 80% of the average of the final five years of salary, less the employee's primary social security benefit. The bridge benefit shall be increased by 5% annually. Those who do not elect early retirement until sometime after age 65 will have the length of their bridge period decreased by the amount of time the faculty member continues to teach when over 65. The amount of the bridge benefit will not be greater than would have been paid had the plan been elected at age 65.

Both TIAA-CREF contributions made by the University and the faculty member in the final year of employment will be continued by the University during the bridge period. This combined contribution will be increased by 5% annually, and will only be paid until the faculty member's normal retirement age (68). A life insurance benefit equal to one-half of the salary paid in the last year of appointment will be provided by the University during the bridge benefit period. The employee may purchase additional contributory insurance up to the maximum allowed under the group life insurance plan in effect in his last year of employment. During the bridge benefit period, the University will continue to contribute to the cost of health care coverage at the same rate it does for active faculty. Other benefits given to "normally" retired faculty will be available to these early retirees. Washington also provides (on request) to any faculty member over age 55 an individualized projection of bridge benefits assuming the plan for early retirement is elected at age 65.

The plan, just recently designed, will be offered to individual faculty upon recommendation by their dean.

Washington

INCOME PROJECTION OF PROPOSED BRIDGE BENEFIT

DATE	AGE	ANNUAL SALARY	TIAA ACCOUNT BALANCE	TIAA <----CONTRIBUTION----> UNIVERSITY	INDIVIDUAL	BRIDGE BENEFIT	TIAA LIFE ANNUITY AS OF 07/01/88	PRIMARY SOCIAL SECURITY	TOTAL RETIREMENT INCOME
7/1/79	60	25000	60000	2774	1206	-	-	-	-
7/1/80	61	27000	69235	2996	1302	-	-	-	-
7/1/81	62	29159	79585	3235	1406	-	-	-	-
7/1/82	63	31491	91171	3494	1519	-	-	-	-
7/1/83	64	34010	104128	3774	1640	-	-	-	-
7/1/84	65	-	118603	5685	-	14620	-	8846	23466
7/1/85	66	-	134590	5970	-	15351	-	9465	24816
7/1/86	67	-	152232	6268	-	16118	-	10127	26245
7/1/87	68	-	171683	-	-	16924	-	10836	27760
7/1/88	69	-	0	-	-	-	24196	11594	35790

BRIDGE BENEFIT - 80% OF FINAL 5 YEAR AVG. SALARY LESS PRIMARY SOCIAL SECURITY. DURATION IS 2 MONTHS FOR EACH COMPLETED YEAR OF SERVICE AT RETIREMENT, TO A MAXIMUM OF 60 MONTHS. NO BENEFIT IS PAYABLE FOR LESS THAN 10 YEARS OF SERVICE. TIAA CONTRIBUTIONS CONTINUE FOR DURATION OF BRIDGE BENEFIT, BUT NOT PAST AGE 68.

EXPLANATION OF PROJECTION

1) RETIREMENT ON 7/1 FOLLOWING AGE 65 (OR 7/1/80, IF LATER) AT WHICH TIME BRIDGE BENEFIT AND SOCIAL SECURITY BENEFIT COMMENCE.
2) SALARY IS PROJECTED TO INCREASE AT 8% PER YEAR. HISTORICAL SALARY IS ASSUMED TO HAVE INCREASED AT 6% PER YEAR.
3) INTEREST ON TIAA ACCOUNT BALANCE AT 8.5% PER YEAR. 3.5% TIAA EXPENSE LOADING HAS BEEN DEDUCTED FROM ALL CONTRIBUTIONS.
4) BRIDGE BENEFIT AND TIAA CONTRIBUTIONS INCREASE AT 5% PER YEAR AFTER RETIREMENT.
5) SOCIAL SECURITY IS PROJECTED TO INCREASE AT AN ASSUMED INFLATION RATE OF 7% PER YEAR AFTER RETIREMENT.
6) TIAA LIFE ANNUITY IS PURCHASED WHEN BRIDGE BENEFITS CEASES, USING CURRENT TIAA RATES.
7) CONTRIBUTIONS TO SRA AND VOLUNTARY CONTRIBUTIONS MADE AFTER 7/1/79 ARE NOT INCLUDED IN TIAA ACCOUNT BALANCE.

BASIC EMPLOYEE INFORMATION

DATE OF BIRTH: 07/01/19
DATE OF HIRE: 07/01/60
SEX: M
YEARS OF SERVICE AT RETIREMENT: 24
ANNUAL SALARY DURING FISCAL YEAR BEGINNING 7/1/79: $ 25000
TIAA-CREF ACCUMULATION AS OF 7/1/79: $ 60000
CURRENTLY MAKING VOLUNTARY CONTRIBUTIONS: NO
SCHOOL: ILLUSTRATION - FACULTY

INCOME PROJECTION OF PROPOSED BRIDGE BENEFIT

Washington

DATE	AGE	ANNUAL SALARY	TIAA ACCOUNT BALANCE	TIAA <----CONTRIBUTION----> UNIVERSITY	INDIVIDUAL	BRIDGE BENEFIT	TIAA LIFE ANNUITY AS OF 07/01/86	PRIMARY SOCIAL SECURITY	TOTAL RETIREMENT INCOME
7/1/79	63	35000	200000	3884	1688	-	-	-	-
7/1/80	64	37800	222789	4194	1823	-	-	-	-
7/1/81	65	-	247977	6319	-	19020	-	7597	26617
7/1/82	66	-	275620	6635	-	19971	-	8128	28099
7/1/83	67	-	305941	6967	-	20969	-	8697	29666
7/1/84	68	-	339184	-	-	22018	-	9306	31324
7/1/85	69	-	368014	-	-	23118	-	9958	33076
7/1/86	70	-	0	-	-	-	53103	10655	63758

BRIDGE BENEFIT - 80% OF FINAL 5 YEAR AVG. SALARY LESS PRIMARY SOCIAL SECURITY. DURATION IS 2 MONTHS FOR EACH COMPLETED YEAR OF SERVICE AT RETIREMENT, TO A MAXIMUM OF 60 MONTHS. NO BENEFIT IS PAYABLE FOR LESS THAN 10 YEARS OF SERVICE. TIAA CONTRIBUTIONS CONTINUE FOR DURATION OF BRIDGE BENEFIT, BUT NOT PAST AGE 68.

EXPLANATION OF PROJECTION

1) RETIREMENT ON 7/1 FOLLOWING AGE 65 (OR 7/1/80, IF LATER) AT WHICH TIME BRIDGE BENEFIT AND SOCIAL SECURITY BENEFIT COMMENCE.
2) SALARY IS PROJECTED TO INCREASE AT 8% PER YEAR. HISTORICAL SALARY IS ASSUMED TO HAVE INCREASED AT 6% PER YEAR.
3) INTEREST ON TIAA ACCOUNT BALANCE AT 8.5% PER YEAR. 3.5% TIAA EXPENSE LOADING HAS BEEN DEDUCTED FROM ALL CONTRIBUTIONS.
4) BRIDGE BENEFIT AND TIAA CONTRIBUTIONS INCREASE AT 5% PER YEAR AFTER RETIREMENT.
5) SOCIAL SECURITY IS PROJECTED TO INCREASE AT AN ASSUMED INFLATION RATE OF 7% PER YEAR AFTER RETIREMENT.
6) TIAA LIFE ANNUITY IS PURCHASED WHEN BRIDGE BENEFITS CEASES, USING CURRENT TIAA RATES.
7) CONTRIBUTIONS TO SRA AND VOLUNTARY CONTRIBUTIONS MADE AFTER 7/1/79 ARE NOT INCLUDED IN TIAA ACCOUNT BALANCE.

BASIC EMPLOYEE INFORMATION

DATE OF BIRTH: 07/01/16
DATE OF HIRE: 07/01/51
SEX: M
YEARS OF SERVICE AT RETIREMENT: 30
ANNUAL SALARY DURING FISCAL YEAR BEGINNING 7/1/79: $ 35000
TIAA-CREF ACCUMULATION AS OF 7/1/79: $200000
CURRENTLY MAKING VOLUNTARY CONTRIBUTIONS: NO
SCHOOL: ILLUSTRATION - FACULTY

INCOME PROJECTION OF PROPOSED BRIDGE BENEFIT

Washington

DATE	AGE	ANNUAL SALARY	TIAA ACCOUNT BALANCE	TIAA <----CONTRIBUTION----> UNIVERSITY	INDIVIDUAL	BRIDGE BENEFIT	TIAA LIFE ANNUITY AS OF 07/01/84	PRIMARY SOCIAL SECURITY	TOTAL RETIREMENT INCOME
7/1/79	64	100000	200000	11097	4824	-	-	-	-
7/1/80	65	-	233541	16718	-	64579	-	6863	71442
7/1/81	66	-	270761	17554	-	67807	-	7343	75150
7/1/82	67	-	312013	18432	-	71198	-	7857	79055
7/1/83	68	-	357684	-	-	74758	-	8407	83165
7/1/84	69	-	0	-	-	-	50409	8995	59404

BRIDGE BENEFIT - 80% OF FINAL 5 YEAR AVG. SALARY LESS PRIMARY SOCIAL SECURITY. DURATION IS 2 MONTHS FOR EACH COMPLETED YEAR OF SERVICE AT RETIREMENT, TO A MAXIMUM OF 60 MONTHS. NO BENEFIT IS PAYABLE FOR LESS THAN 10 YEARS OF SERVICE. TIAA CONTRIBUTIONS CONTINUE FOR DURATION OF BRIDGE BENEFIT, BUT NOT PAST AGE 68.

EXPLANATION OF PROJECTION

1) RETIREMENT ON 7/1 FOLLOWING AGE 65 (OR 7/1/80, IF LATER) AT WHICH TIME BRIDGE BENEFIT AND SOCIAL SECURITY BENEFIT COMMENCE.
2) SALARY IS PROJECTED TO INCREASE AT 8% PER YEAR. HISTORICAL SALARY IS ASSUMED TO HAVE INCREASED AT 6% PER YEAR.
3) INTEREST ON TIAA ACCOUNT BALANCE AT 8.5% PER YEAR. 3.5% TIAA EXPENSE LOADING HAS BEEN DEDUCTED FROM ALL CONTRIBUTIONS.
4) BRIDGE BENEFIT AND TIAA CONTRIBUTIONS INCREASE AT 5% PER YEAR AFTER RETIREMENT.
5) SOCIAL SECURITY IS PROJECTED TO INCREASE AT AN ASSUMED INFLATION RATE OF 7% PER YEAR AFTER RETIREMENT.
6) TIAA LIFE ANNUITY IS PURCHASED WHEN BRIDGE BENEFITS CEASES, USING CURRENT TIAA RATES.
7) CONTRIBUTIONS TO SRA AND VOLUNTARY CONTRIBUTIONS MADE AFTER 7/1/79 ARE NOT INCLUDED IN TIAA ACCOUNT BALANCE.

BASIC EMPLOYEE INFORMATION

DATE OF BIRTH: 07/01/15
DATE OF HIRE: 07/01/56
SEX: M
YEARS OF SERVICE AT RETIREMENT: 24
ANNUAL SALARY DURING FISCAL YEAR BEGINNING 7/1/79: $100000
TIAA-CREF ACCUMULATION AS OF 7/1/79: $200000
CURRENTLY MAKING VOLUNTARY CONTRIBUTIONS: NO
SCHOOL: ILLUSTRATION - FACULTY

WASHINGTON UNIVERSITY ILLUSTRATION #2

Washington

INCOME PROJECTION OF PROPOSED BRIDGE BENEFIT

DATE	AGE	ANNUAL SALARY	TIAA ACCOUNT BALANCE	TIAA <----CONTRIBUTION----> UNIVERSITY	TIAA <----CONTRIBUTION----> INDIVIDUAL	BRIDGE BENEFIT	TIAA LIFE ANNUITY AS OF 07/01/83	PRIMARY SOCIAL SECURITY	TOTAL RETIREMENT INCOME
7/1/79	63	25000	35000	2774	1206	-	-	-	-
7/1/80	64	27000	42110	2996	1302	-	-	-	-
7/1/81	65	-	50154	4514	-	11415	-	7597	19012
7/1/82	66	-	59106	4739	-	11985	-	8128	20113
7/1/83	67	-	0	-	-	-	7585	8696	16281

BRIDGE BENEFIT - 80% OF FINAL 5 YEAR AVG. SALARY LESS PRIMARY SOCIAL SECURITY. DURATION IS 2 MONTHS FOR EACH COMPLETED YEAR OF SERVICE AT RETIREMENT, TO A MAXIMUM OF 60 MONTHS. NO BENEFIT IS PAYABLE FOR LESS THAN 10 YEARS OF SERVICE. TIAA CONTRIBUTIONS CONTINUE FOR DURATION OF BRIDGE BENEFIT, BUT NOT PAST AGE 68.

EXPLANATION OF PROJECTION

1) RETIREMENT ON 7/1 FOLLOWING AGE 65 (OR 7/1/80, IF LATER) AT WHICH TIME BRIDGE BENEFIT AND SOCIAL SECURITY BENEFIT COMMENCE.
2) SALARY IS PROJECTED TO INCREASE AT 8% PER YEAR. HISTORICAL SALARY IS ASSUMED TO HAVE INCREASED AT 6% PER YEAR.
3) INTEREST ON TIAA ACCOUNT BALANCE AT 8.5% PER YEAR. 3.5% TIAA EXPENSE LOADING HAS BEEN DEDUCTED FROM ALL CONTRIBUTIONS.
4) BRIDGE BENEFIT AND TIAA CONTRIBUTIONS INCREASE AT 5% PER YEAR AFTER RETIREMENT.
5) SOCIAL SECURITY IS PROJECTED TO INCREASE AT AN ASSUMED INFLATION RATE OF 7% PER YEAR AFTER RETIREMENT.
6) TIAA LIFE ANNUITY IS PURCHASED WHEN BRIDGE BENEFITS CEASES, USING CURRENT TIAA RATES.
7) CONTRIBUTIONS TO SRA AND VOLUNTARY CONTRIBUTIONS MADE AFTER 7/1/79 ARE NOT INCLUDED IN TIAA ACCOUNT BALANCE.

BASIC EMPLOYEE INFORMATION

DATE OF BIRTH: 07/01/16
DATE OF HIRE: 07/01/69
SEX: F
YEARS OF SERVICE AT RETIREMENT: 12
ANNUAL SALARY DURING FISCAL YEAR BEGINNING 7/1/79: $ 25000
TIAA-CREF ACCUMULATION AS OF 7/1/79: $ 35000
CURRENTLY MAKING VOLUNTARY CONTRIBUTIONS: NO
SCHOOL: ILLUSTRATION - FACULTY